
Finance Committee

SB 6806

Brief Description: Providing tax incentives for anaerobic digester production.

Sponsors: Senators Haugen, Rasmussen and Shin.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates six year property tax exemption for anaerobic digesters.
--

Hearing Date:

Staff: Rick Peterson (786-7150).

Background:

An anaerobic digester processes manure from livestock into biogas and dried manure using microorganisms in a decomposition process within a closed, oxygen-free container. The 2001 Legislature established sales and use tax exemptions for components and services related to dairy nutrient management equipment and facilities and to anaerobic digesters used primarily to treat dairy manure. According to the 2008 Department of Revenue Tax Exemption Report, the sales and use tax exemption for anaerobic digesters provides about \$85,000 in tax relief per year..

Property taxes are imposed by state and local governments. All real and personal property in this state is subject to the property tax based on its value, unless a specific exemption is provided by law. There are exemptions for certain properties, including property owned by federal, state, and local governments, churches, farm machinery, and business inventory.

Tax incentives were established in 2003 to encourage the production of biodiesel and alcohol fuels. The buildings, machinery, equipment and other personal property used in the manufacture of biodiesel fuels, biodiesel feedstocks, and alcohol fuels are exempt from property taxes and leasehold taxes. These tax exemptions are valid for six years. To claim the exemption, a form

has to be filed with the county assessor. No claims may be filed after December 31, 2009.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Anaerobic digesters are included with biodiesel and alcohol manufacturers in the six-year exemption from property and leasehold taxes. To claim the exemption, forms must be filed with the Department of Revenue by December 31, 2012.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2008.